

## STATE CORPORATION COMMISSION

AT RICHMOND, MAY 1, 2020

*Document Control Center 05/01/20@11.15 AM*COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2020-00006

NEXT FINANCIAL GROUP, INC.,  
DefendantSETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Next Financial Group, Inc. ("Next Financial") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Next Financial is a broker-dealer with an address of 2500 Wilcrest Drive, Suite 620, Houston, Texas 77042. Next Financial has been registered with the Division since March 4, 1999.

Based on the investigation, the Division alleges Next Financial violated 21 VAC 5-20-260 of the Commission's Rules Governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10, *et seq.* ("Rules") in February 2010 by offering and selling an investment to a client (the "Client") who did not meet the age and concentration guidelines in Next Financial's written supervisory procedures; and 21 VAC 5-20-280 A 3 of the Rules by offering and selling a customer an illiquid investment without reasonable grounds to believe that the recommendation was suitable for the customer, in that, among other things, the investment represented 13% of the Client's total liquid net worth.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant, within sixty (60) days of the entry of this Order, will purchase the investment from the Client's account or estate for the amount of Forty Thousand Dollars (\$40,000);

(2) The Defendant, within ninety (90) days of the entry of this Order, will provide the Division with proof of the purchase;

(3) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation in this matter; and

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

A COPY of this order shall be sent electronically by the Clerk of the Commission to: John T. Unger, General Counsel, Next Financial Group, Inc. at [JUnger@nextfinancial.com](mailto:JUnger@nextfinancial.com), 2500 Wilcrest Drive, Suite 620, Houston, Texas 77042; and a copy shall be delivered to the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.

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NEXT FINANCIAL GROUP, INC.,  
DefendantADMISSION AND CONSENT

Next Financial Group, Inc. ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, and neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance, and entry of the foregoing Settlement Order ("Order").

The Defendant further states that no offer, tender, threat, or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent, or representative thereof in consideration of the foregoing Order.

Next Financial Group, Inc.

Date: April 30, 2020By: 

Barry G. Knight

Its: President

Seen and approved by:

  
John F. Unger, Esquire